

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6519

BILL NUMBER: HB 1824

NOTE PREPARED: Feb 26, 2007

BILL AMENDED: Feb 23, 2007

SUBJECT: Energy Company Regulation.

FIRST AUTHOR: Rep. Pelath

BILL STATUS: As Passed House

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill requires the IURC, upon the request of the county executives of three or more counties that are located in an electric utility's service area, to study the feasibility of establishing a regional public power authority to: (1) acquire the assets of an electric utility providing retail electric service on April 1, 2007, in specified counties in Indiana; (2) own and operate the assets acquired; and (3) act as a nonprofit utility to provide retail electric service to customers within the participating units. The bill also requires the Commission to report its findings not later than December 31, 2007, to: (1) the Regulatory Flexibility Committee; (2) the Legislative Council; and (3) the county executive of each county in the electric utility's service area on April 1, 2007. The bill authorizes the Regulatory Flexibility Committee to recommend any legislation necessary to establish a regional public power authority in Indiana.

Effective Date: July 1, 2007.

Explanation of State Expenditures: (Revised) This bill will cause an indeterminable increase in administrative costs of the IURC. The bill requires the IURC to study the feasibility of establishing a regional public power authority. The bill requires this study to then be reported to: (1) the Regulatory Flexibility Committee; (2) the Legislative Council; and (3) the county executive of each county in the electric utility's service area on April 1, 2007.

Background on IURC Funding: The operating budgets of the IURC and OUCC are funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the two agencies' budgets, less reversions, divided by the total amount of gross intra-state operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.15% of their gross intra-state operating revenues to fund the IURC and OUCC. In FY 2006,

fees from the utilities and fines generated approximately \$11.8 M.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Utility Regulatory Commission; Regulatory Flexibility Committee; Legislative Council.

Local Agencies Affected: County executive.

Information Sources:

Fiscal Analyst: Adam Brown; (317) 232-9854.